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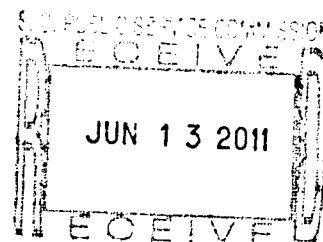
HARBOR ISLAND UTILITIES, INC.

Post Office Box 1028
Beaufort, S.C. 29901-1028

(843) 982-0405 fax: 982-0707

June 8, 2011

Ms. Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210



Re: Harbor Island Utilities, Inc. Rate Case Docket No. 2007-243-W/S

Dear Ms. Boyd:

When the Public Service Commission of South Carolina approved our new rates in December 2007, it included a provision that allows us to pass through rate increases we incur.

We recently received notice from the Beaufort Jasper Water & Sewer Authority (BJWSA) that effective July 1, 2011 our water cost will increase by \$0.23 (23¢) per thousand gallons. Please see the attached copy of BJWSA's letter. This will raise our commodity rate from \$4.14 per 1000 gallons to \$4.37 per 1000 gallons.

We must provide you a 60-day notice and we must provide our customers with a 30-day notice. The notice to our customer will be sent with the bills that we send next week.

Please accept this letter as the official 60-day notification.

Please let me know if you need any additional information.

Sincerely,

Robert G. Gross

President

Enclosure - Notice from the Fripp Island Public Service District

Copy - Mr. C. Dukes Scott, Office of Regulatory Staff (with enclosure)



6 SNAKE ROAD, OKATIE, SC 29909-3937
Phone 843.987.9292 FAX 843.987.9293
Customer Service 843.987.9200
Operations & Maintenance 843.987.9220
Engineering 843.987.9250
www.bjwsa.org

DEAN MOSS, General Manager

May 27, 2011

Mr. Robert G Gross, President
Harbor Island Utilities, Inc.
P.O. Box 1028
Beaufort, SC 29901-1028

Re: Wholesale Water Rate Increase

Dear Mr. Gross,

Please accept this letter as notification that the Wholesale Water Rate for Harbor Island Utilities will be increasing effective July 1, 2011. After updating our cost of service rate model, the new rate per 1,000 gallons will be \$2.38. We anticipate our Board will adopt this rate at the June 23, 2011 meeting.

Since the downturn in the economy in 2009, BJWSA has curtailed expenditures, frozen non-critical positions, refinanced debt and deferred non-critical maintenance in an effort to avoid an interim period rate increase. Our cost of service projections reflect a continuation of the conservative revenue growth we have been experiencing coupled with significant increases in costs such as power, fuel and chemicals.

I am attaching the key schedules from our cost of service model that show the costs and calculations that support the wholesale rates. The current model update resulted in only minimal allocation changes as a result of anticipated growth and shifts in the customer classes. There have been no methodology changes in the model, with the exception of the Transmission and Distribution (T&D) allocation. This change resulted in a shift of costs from the Wholesale class to the Retail class which is in response to system demands becoming more Retail driven.

You are a valued wholesale customer and I would be happy to meet with you or your staff to review the cost of service methodology, the schedules attached and your rate. If you have any questions or concerns, please feel free to contact me at 843-987-9290 or email me at dottieh@bjwsa.org.

Sincerely,

Dottie Hofmann
Chief Financial Officer

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CHAIR

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JOHN D. ROGERS
W.R. "SKEET" VON HARTEN

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